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ST. MARY PARISH HOUSING PROGRAM
STATE OF LOUISIANA

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Reports on Compliance, and Internal Control
Over Financial Reporting and Federal Awards

For the Year Ended September 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/10/02

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

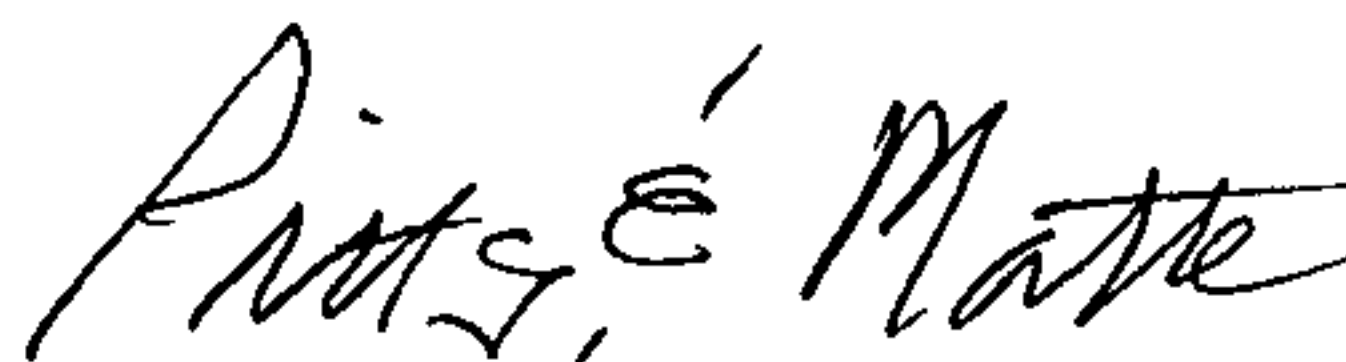
We have audited the accompanying general purpose financial statements of the St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Parish Housing Program, as of September 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2002, on our consideration of the St. Mary Parish Housing Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of the St. Mary Parish Housing Program. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "P. J. & E. Matte".

CERTIFIED PUBLIC ACCOUNTANTS

February 26, 2002

ST. MARY PARISH HOUSING PROGRAM

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS September 30, 2001

	GOVERNMENTAL FUND TYPE SPECIAL REVENUE FUND	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash	\$208		\$208
Due from HUD	74,324		74,324
Fixed assets		\$1,925	1,925
Total assets	\$74,532	\$1,925	\$76,457
LIABILITIES AND EQUITY:			
Liabilities:			
Bank overdraft	\$25,937		\$25,937
Accounts payable and accrued expenses	26,408		26,408
Total liabilities	52,345	--	52,345
Equity:			
Investments in general fixed assets		\$1,925	1,925
Fund balance	22,187		22,187
Total equity	22,187	1,925	24,112
Total liabilities and equity	\$74,532	\$1,925	\$76,457

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH HOUSING PROGRAM
CERTAIN SPECIAL REVENUE FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Section 8 Housing
For the Year Ended September 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal grant	\$426,212	\$457,824	\$31,612
Interest		1,951	1,951
Total revenues	<u>426,212</u>	<u>459,775</u>	<u>33,563</u>
Expenditures:			
Health and welfare			
Housing assistance payments	339,130	360,203	(21,073)
Administrative costs	<u>87,082</u>	<u>95,975</u>	<u>(8,893)</u>
Total expenditures	<u>426,212</u>	<u>456,178</u>	<u>(29,966)</u>
Excess of revenue over expenditures		3,597	3,597
Fund balance at beginning of year	<u> </u>	<u>18,590</u>	<u>18,590</u>
Fund balance at end of year	<u> -- </u>	<u>\$22,187</u>	<u>\$22,187</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Housing Program administers the Section 8 Housing Program. The Section 8 Housing Program covers all of St. Mary Parish, excluding Morgan City.

The Section 8 Housing Program provides rental assistance to help very low income families afford decent, safe, and sanitary rental housing.

The financial statements of the St. Mary Parish Housing Program have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the Program is a component unit and integral part of St. Mary Parish (the primary government.)

These financial statements include only the operations of the Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The Program uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Fund

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Federal grants are recorded when the Program is entitled to the funds. Expenditures are recorded when the related fund liability is incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets

The program director develops a budget for operation of the Section 8 Housing Program based upon the number of approved residential units to be funded. The grantor approves the number of units, the total grant funds, and the allocation of expenditures between administrative and housing assistance payments.

The budget is prepared on a basis which is consistent with generally accepted accounting principles.

The program does not utilize encumbrance accounting.

E. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include demand deposits.

At year end, the Program had a negative bank balance. Deposits were made subsequent to year end to cover this negative balance.

Cash and cash equivalents are stated at cost, which approximates market.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

G. Memorandum Only - Total Column

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the Program had one cash account carrying a balance of \$208. All of the bank balance was covered by federal depository insurance.

The Program also had an account with a negative bank balance of \$24,164, plus additional outstanding checks issued that had not cleared the bank. This resulted in a total negative balance of \$25,937 in this bank account. Deposits were made subsequent to year end to cover this negative balance.

NOTE 3 - CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed expenditures may constitute a liability of the Program. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, management of the Program believes disallowances, if any, to be immaterial.

NOTE 4 - FIXED ASSETS

A summary of the Program's fixed assets at September 30, 2001, follows:

	<u>Balance</u> <u>9/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/01</u>
Office Equipment	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>
Total	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>

NOTE 5 - CONCENTRATIONS

The Program receives ninety-nine percent of its revenue from federal grants.

NOTE 6 - RISK MANAGEMENT

The Program is exposed to various risks of loss related to torts and errors or omissions. The Corporation contracted to administer the program carries insurance to substantially cover all risks of the Program.

SCHEDULE OF FEDERAL AWARDS

ST. MARY PARISH HOUSING PROGRAM

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2001**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	REVENUE	EXPENDITURES
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Housing-Federal Housing Commissioner			
Section 8 Housing Choice Vouchers (formerly Section 8 Rental Voucher Program and Section 8 Rental Certificate Program)	14.871	<u>\$457,824</u>	<u>\$456,178</u>
Total U.S. Dept. of Housing and Urban Development		<u>\$457,824</u>	<u>\$456,178</u>

The accompanying notes are an integral part of this financial schedule.

ST. MARY PARISH HOUSING PROGRAM
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2001

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of activity of the Program's federal award program presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

INTERNAL ACCOUNTING CONTROL, AND COMPLIANCE



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. Jim Firmin
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements of St. Mary Parish Housing Program, as of and for the year ended September 30, 2001, and have issued our report thereon dated February 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

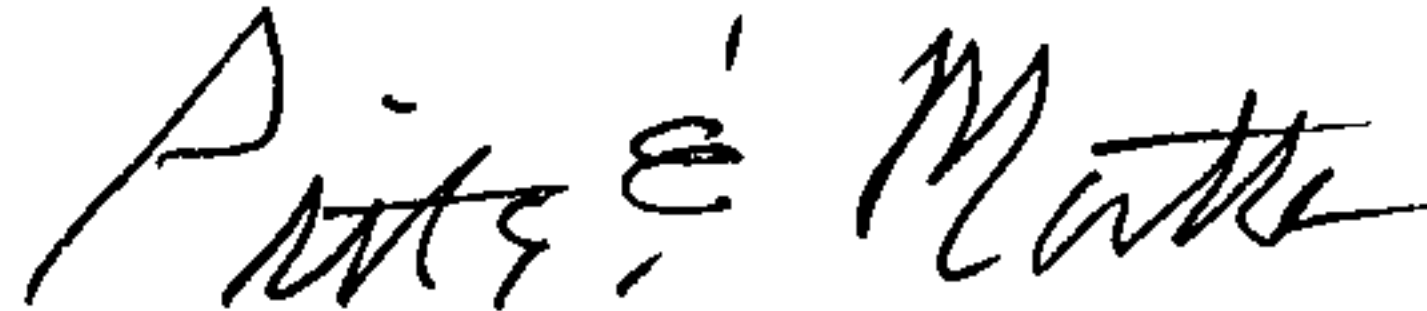
Compliance

As part of obtaining reasonable assurance about whether St. Mary Parish Housing Program's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Mary Parish Housing Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the finance committee of St. Mary Parish Council, federal awarding agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

February 26, 2002



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Jim Firmin
St. Mary Parish Housing Program
Morgan City, Louisiana

Compliance

We have audited the compliance of the St. Mary Parish Housing Program with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2001. The St. Mary Parish Housing Program's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on the St. Mary Parish Housing Program's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Mary Parish Housing Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on St. Mary Parish Housing Program's compliance with those requirements.

In our opinion, the St. Mary Parish Housing Program complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2001.

Internal Control Over Compliance

The management of St. Mary Parish Housing Program is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Mary Parish Housing Program's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal awarding agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

February 26, 2002

ST. MARY PARISH HOUSING PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the St. Mary Parish Housing Program.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. No instances of noncompliance material to the general purpose financial statements of the St. Mary Parish Housing Program were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award program.
5. The auditors' report on compliance for the major federal award program for St. Mary Parish Housing Program expresses an unqualified opinion on the major federal award program.
6. Audit findings relative to the major federal award program for the St. Mary Parish Housing Program are reported in Part C of this Schedule.
7. The program tested as a major program is:

Section 8 Housing Choice Vouchers, CFDA No. 14.871.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. St. Mary Parish Housing Program was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters to be reported.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

No matters to be reported.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ST. MARY PARISH HOUSING PROGRAM

ITEM OF NONCOMPLIANCE

Budget Monitoring (Item 00-1)

Condition: The Section 8 Housing Program's budget was not properly amended.

Correction Action: The budgeting was in accordance with state statutes.

MATERIAL WEAKNESS

Numerical Sequence of Checks (Item 00-2)

Condition: There were several instances where the preprinted check number did not match the computer assigned check number for the same document.

Corrective Action: This matter has been corrected.

ITEM OF NONCOMPLIANCE AND MATERIAL WEAKNESS

Federal Draw Downs (Item 00-3, 00-4)

Condition: In the Section 8 Housing Program, management drew down substantially more federal funds than were utilized in the near future.

Corrective Action: This matter has been corrected.